

Attachment D.

20c. Provide a justification for the provider class defined in Question 20b (e.g., the provider class is defined in the State Plan.) If the provider class is defined in the State Plan, please provide a link to or attach the applicable State Plan pages to the preprint submission. Provider classes cannot be defined to only include providers that provide intergovernmental transfers.

- Children's hospital — A Medicaid hospital designated by Medicare as a children's hospital. (see Texas State Plan, Attachment 4.19-A, Page 1a)
- Rural hospital — A hospital enrolled as a Medicaid provider that:
 - (A) is located in a county with 60,000 or fewer persons according to the 2010 U.S. Census;
 - (B) is designated by Medicare as a Critical Access Hospital (CAH), a Sole Community Hospital (SCH), or a Rural Referral Center (RRC) that is not located in a Metropolitan Statistical Area (MSA), as defined by the U.S. Office of Management and Budget; or
 - (C) meets all of the following:
 - (i) has 100 or fewer beds;
 - (ii) is designated by Medicare as a CAH, SCH, or RRC; and
 - (iii) is located in an MSA.(see Texas State Plan, Attachment 4.19-A, Page 3)
- State-owned non-IMD hospital — A hospital owned and operated by a state university or other state agency that is not primarily engaged in providing psychiatric diagnosis, treatment, or care of individuals with mental disease. (see Texas State Plan, Attachment 4.19-A, Pages 3a)
- Urban hospital — Hospital located in a metropolitan statistical area and not fitting the definition of rural hospitals, children's hospitals, state-owned teaching hospitals, or freestanding psychiatric hospitals. (see Texas State Plan, Attachment 4.19-A, Page 4)
- Non-state-owned IMDs (a.k.a. "Free-standing psychiatric hospital") — A non-state-owned IMD providing inpatient psychiatric hospital services to individuals under the age of 21 and inpatient hospital services to individuals 65 years or older. (see Texas State Plan, Attachment 4.19-A, Page 10e)
- State-owned IMDs — A state-owned IMD providing inpatient psychiatric hospital services to individuals under the age of 21 and inpatient hospital services to individuals 65 years or older. (see Texas State Plan, Attachment 4.19-A, Page 10e)

Noted deviations from the Texas State Plan

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The University of Texas Southwestern hospital is a state-owned acute care hospital, but it is not currently included in the definition of “State Teaching Hospital” in the state plan. However, we are including UT Southwestern in the State-owned non-IMD hospital class with the other state teaching hospitals as we feel their state ownership structure makes this classification appropriate.

We have also distinguished Non-State-owned IMDs from State-Owned IMDs as non-state-owned IMDs are paid for inpatient services using a per diem rate methodology, whereas state-owned IMDs are paid for inpatient services using a TEFRA-based methodology. Due to the differences in their underlying reimbursement rate methodology, we feel that separate classes are appropriate.

The program also incorporates geographic boundaries that align with the managed care service delivery areas to distinguish hospital classes rather than defining the classes on a statewide basis as is the case in the state plan. Texas believes it is appropriate to use the established SDAs in the program as it is solely operated in managed care. This will allow Texas to work with the MCOs to ensure that the rate increases are targeted to the hospitals in each SDA to best incentivize the goals and objectives of the program. Additionally, this will allow HHSC to assess the quality improvements with consideration of regional variations that may appear in the data when conducting our evaluations.

All State Plan Attachments can be viewed at:

<https://apps.hhs.texas.gov/documents/medicaid-chip-state-plan-attachments.pdf>